

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 58121

TERRACE HEIGHTS SEWER DISTRICT

Yakima County, Washington

January 1, 1993 Through December 31, 1995

Issue Date: March 21, 1997

TABLE OF CONTENTS

| | Page |
|--|------|
| <hr/> | |
| Management Section | |
| Independent Auditor's Report On Compliance With State Laws And Regulations . . . | M-1 |
| <hr/> | |
| Financial Section | |
| Independent Auditor's Report On Financial Statements | F-1 |
| Financial Statements: | |
| Schedule Of Cash Activity - 1995 | F-2 |
| Schedule Of Cash Activity - 1994 | F-3 |
| Schedule Of Cash Activity - 1993 | F-4 |
| Schedule Of Investments - 1995 | F-5 |
| Schedule Of Investments - 1994 | F-6 |
| Schedule Of Investments - 1993 | F-7 |
| Schedule Of Long-Term Debt - 1995 | F-8 |
| Schedule Of Long-Term Debt - 1994 | F-9 |
| Notes To Financial Statements | F-10 |
| <hr/> | |
| Addendum | |
| Directory Of Officials | A-1 |

TERRACE HEIGHTS SEWER DISTRICT
Yakima County, Washington
January 1, 1993 Through December 31, 1995

**Independent Auditor's Report On Compliance With State
Laws And Regulations**

Board of Commissioners
Terrace Heights Sewer District
Yakima, Washington

We have audited the financial statements, as listed in the table of contents, of the Terrace Heights Sewer District, Yakima County, Washington, as of and for the fiscal years ended December 31, 1995, 1994, and 1993, and have issued our report thereon dated January 9, 1997.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the district complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the district's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the district and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the district complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the district had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the board of commissioners and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag, CGFM
State Auditor

January 9, 1997

TERRACE HEIGHTS SEWER DISTRICT
Yakima County, Washington
January 1, 1993 Through December 31, 1995

Independent Auditor's Report On Financial Statements

Board of Commissioners
Terrace Heights Sewer District
Yakima, Washington

We have audited the Schedule of Cash Activity, Schedule of Investments, and Schedule of Long-Term Debt, of the various funds of the Terrace Heights Sewer District, Yakima County, Washington, for the fiscal years ended December 31, 1995, 1994, and 1993. These financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, Yakima County prepares financial statements on behalf of the district on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A substantial portion of the revenues of the district consists of locally collected charges and fees. It was not practicable to satisfy ourselves with respect to these revenues beyond the amounts recorded by the county as received.

In our opinion, except for the effect, if any, of the matters discussed in the preceding paragraph, and except that omitted disclosures might influence a user's conclusions about the district's transactions, the accompanying financial statements present fairly the cash and investment transactions and the long-term bonded indebtedness of the funds of the Terrace Heights Sewer District for the fiscal years ended December 31, 1995, 1994, and 1993, on the prescribed basis of accounting.

Brian Sonntag, CGFM
State Auditor

TERRACE HEIGHTS SEWER DISTRICT
Schedule Of Cash Activity
For The Fiscal Year Ended December 31, 1995

OPERATION OF CASH-IN

| Fund Number | Description | Beginning Balance | Receipts | Investments Liquidated | Transfers-In | Total Available |
|-------------|--------------|-------------------|--------------|------------------------|--------------|-----------------|
| 605011 | Construction | \$33,425.25 | \$ 55,961.92 | \$1,000,000.00 | \$ -0- | \$1,089,387.17 |
| 605012 | Maintenance | 96,605.90 | 406,983.80 | -0- | 1,002.00 | 504,591.70 |
| 605013 | Reserve | 1,954.25 | 1,433.52 | 6,880.00 | -0- | 10,267.77 |
| 605014 | Bond | 19,915.00 | -0- | -0- | 29,430.00 | 49,345.00 |
| | | | | | | |

OPERATION OF CASH-OUT

| Investments Acquired | Transfers Out To Claims/Payroll | Other Transfers Out | Disbursements | Total Used | Ending Balance |
|----------------------|---------------------------------|---------------------|---------------|----------------|----------------|
| \$925,000.00 | \$104,845.90 | \$15,784.42 | \$ -0- | \$1,045,630.32 | \$43,756.85 |
| -0- | 395,941.84 | 29,528.00 | -0- | 425,469.84 | 79,121.86 |
| 6,880.00 | -0- | -0- | -0- | 6,880.00 | 3,387.77 |
| -0- | -0- | -0- | 29,630.00 | 29,630.00 | 19,715.00 |
| | | | | | |

TERRACE HEIGHTS SEWER DISTRICT
Schedule Of Cash Activity
For The Fiscal Year Ended December 31, 1994

OPERATION OF CASH-IN

| Fund Number | Description | Beginning Balance | Receipts | Investments Liquidated | Transfers-In | Total Available |
|--------------------|---------------------|--------------------------|---------------------|-------------------------------|---------------------|------------------------|
| 605011 | Construction | \$265,320.92 | \$383,088.33 | \$594,026.17 | \$54,526.93 | \$1,296,962.35 |
| 605012 | Maintenance | 64,345.87 | 404,878.91 | 30,000.00 | 2,881.35 | 502,106.13 |
| 605013 | Reserve | 25,988.25 | 2,246.00 | -0- | 5,720.00 | 33,954.25 |
| 605014 | Bond | -0- | 605.93 | -0- | 80,405.07 | 81,011.00 |
| | | | | | | |

OPERATION OF CASH-OUT

| Investments Acquired | Transfers Out To Claims/Payroll | Other Transfers Out | Disbursements | Total Used | Ending Balance |
|-----------------------------|--|----------------------------|----------------------|-----------------------|-----------------------|
| \$924,027.57 | \$212,312.83 | \$127,196.70 | \$ -0- | \$1,263,537.10 | \$33,425.25 |
| 24,280.00 | 348,745.53 | 32,474.70 | -0- | 405,500.23 | 96,605.90 |
| 32,000.00 | -0- | -0- | -0- | 32,000.00 | 1,954.25 |
| -0- | -0- | 51,181.00 | 9,915.00 | 61,096.00 | 19,915.00 |
| | | | | | |

TERRACE HEIGHTS SEWER DISTRICT
Schedule Of Cash Activity
For The Fiscal Year Ended December 31, 1993

OPERATION OF CASH-IN

| Fund Number | Description | Beginning Balance | Receipts | Investments Liquidated | Transfers-In | Total Available |
|--------------------|---------------------|--------------------------|--------------------|-------------------------------|---------------------|------------------------|
| 605011 | Construction | \$219,427.48 | \$65,262.04 | \$1,970,000.00 | \$8,964.54 | \$2,263,654.06 |
| 605012 | Maintenance | 27,613.92 | 357,579.04 | 391,000.00 | 105.94 | 776,298.90 |
| 605013 | Reserve | 23,199.08 | 2,789.17 | 207,000.00 | -0- | 232,988.25 |
| | | | | | | |
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OPERATION OF CASH-OUT

| Investments Acquired | Transfers Out To Claims/Payroll | Other Transfers Out | Disbursements | Total Used | Ending Balance |
|-----------------------------|--|----------------------------|----------------------|-----------------------|-----------------------|
| \$1,970,000.00 | \$ 28,214.40 | \$ 118.74 | \$-0- | \$1,998,333.14 | \$265,320.92 |
| 391,000.00 | 311,335.75 | 9,617.28 | -0- | 711,953.03 | 64,345.87 |
| 207,000.00 | -0- | -0- | -0- | 207,000.00 | 25,988.25 |
| | | | | | |
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TERRACE HEIGHTS SEWER DISTRICT
Schedule Of Investments
For The Fiscal Year Ended December 31, 1995

| Fund Number | Description | Beginning Investment Balance 1/1/95 | Acquired | Liquidated | Ending Investment Balance 12/31/95 |
|--------------------|--------------------|--|-----------------|-------------------|---|
| 605011 | Construction | \$350,570.00 | \$925,000.00 | \$1,000,000.00 | \$275,570.00 |
| 605012 | Maintenance | 24,280.00 | -0- | -0- | 24,280.00 |
| 605013 | Reserve | 32,000.00 | 6,880.00 | 6,880.00 | 32,000.00 |
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TERRACE HEIGHTS SEWER DISTRICT
Schedule Of Investments
For The Fiscal Year Ended December 31, 1994

| Fund Number | Description | Beginning Investment Balance 1/1/94 | Acquired | Liquidated | Ending Investment Balance 12/31/94 |
|--------------------|--------------------|--|-----------------|-------------------|---|
| 605011 | Construction | \$20,568.60 | \$924,027.57 | \$594,026.17 | \$350,570.00 |
| 605012 | Maintenance | 30,000.00 | 24,280.00 | 30,000.00 | 24,280.00 |
| 605013 | Reserve | -0- | 32,000.00 | -0- | 32,000.00 |
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TERRACE HEIGHTS SEWER DISTRICT
Schedule Of Investments
For The Fiscal Year Ended December 31, 1993

| Fund Number | Description | Beginning Investment Balance 1/1/93 | Acquired | Liquidated | Ending Investment Balance 12/31/93 |
|--------------------|--------------------|--|-----------------|-------------------|---|
| 605011 | Construction | \$20,569 | \$1,970,000 | \$1,970,000 | \$20,569 |
| 605012 | Maintenance | 30,000 | 391,000 | 391,000 | 30,000 |
| 605013 | Reserve | -0- | 207,000 | 207,000 | -0- |
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TERRACE HEIGHTS SEWER DISTRICT
Schedule Of Long-Term Debt
Assessment Debt
For The Fiscal Year Ended December 31, 1995

| I.D. No. And Class Description | Purpose | Date Of Issue | Date Of Final Maturity | Interest Rate(s) | Amount Originally Issued | Beginning Outstanding Debt | Amount Issued | Amount Redeemed This Period | Ending Outstanding Debt |
|--------------------------------|-----------|---------------|------------------------|------------------|--------------------------|----------------------------|---------------|-----------------------------|-------------------------|
| 253 11 Bond | 535.50.63 | 1/94 | 12/1/95 | 5.50% | \$350,000 | \$350,000 | \$-0- | \$10,000 | \$340,000 |
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TERRACE HEIGHTS SEWER DISTRICT
Schedule Of Long-Term Debt
Assessment Debt
For The Fiscal Year Ended December 31, 1994

| I.D. No. And Class Description | Purpose | Date Of Issue | Date Of Final Maturity | Interest Rate(s) | Amount Originally Issued | Beginning Outstanding Debt | Amount Issued | Amount Redeemed This Period | Ending Outstanding Debt |
|--------------------------------|-----------|---------------|------------------------|------------------|--------------------------|----------------------------|---------------|-----------------------------|-------------------------|
| 253 11 Bond | 535.50.63 | 1/94 | 12/1/95 | 5.50% | \$350,000 | \$-0- | \$350,000 | \$-0- | \$350,000 |
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